

North York Moors National Park Authority

16 December 2013

Annual Audit Letter 2012/13

1. Purpose of the Report

- 1.1 To inform Members of the conclusion of the External Audit in relation to the 2012/13 financial year.

2. Background

- 2.1 The Authority is subject to an External Audit of the Statement of Accounts by an appointed Independent Auditor. The Authority's appointed external auditor is Deloitte. Each year the External Auditor prepares a series of documents in relation to the conducting of the Audit. The purpose of this report is to present to Members the Annual Audit Letter to conclude the 2012/13 Audit process.

3. External Audit Documentation

- 3.1 **Appendix 1** to this report is the Annual Audit Letter relating to the work undertaken in relation to the Final Accounts and Value for Money conclusion for 2012/13. The Authority received the Final Report in September and this letter confirms that there were no significant issues to report and that Deloitte issued an unqualified audit opinion
- 3.2 The fee chargeable for the work in 2013/14 has been set by the Audit Commission at £12,016 which represents a freeze at the 2012/13 level following a 34% reduction on 2011/12 costs. A copy of the letter confirming this was presented to Finance Risk Audit and Standards Committee in August of this year.

4. Financial and Staffing Implications

- 4.1 The financial implications are described in the report

5. Sustainability and Legal Implications

- 5.1 There are no sustainability or legal implications arising from this report.

6. Recommendation

- 6.1 That Members note the content of this report and appendices.

Contact Officer:
Irene Brannon
Director of Corporate Services
01439 772700

Background documents to this report

None

File Ref

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NORTH YORK
MOORS NATIONAL PARK AUTHORITY**

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Issue of audit opinion on the financial statements

In our audit report for the year ended 31 March 2013 issued on 24 September 2013 we reported that, in our opinion, the financial statements:

- gave a true and fair view of the financial position of North York Moors National Park Authority as at 31 March 2013 and of its expenditure and income for the year then ended; and
- had been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2012/13.

Issue of value for money conclusion

In our audit report for the year ended 31 March 2013 issued on 24 September 2013 we reported that, in our opinion, in all significant respects, North York Moors National Park Authority had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2013.

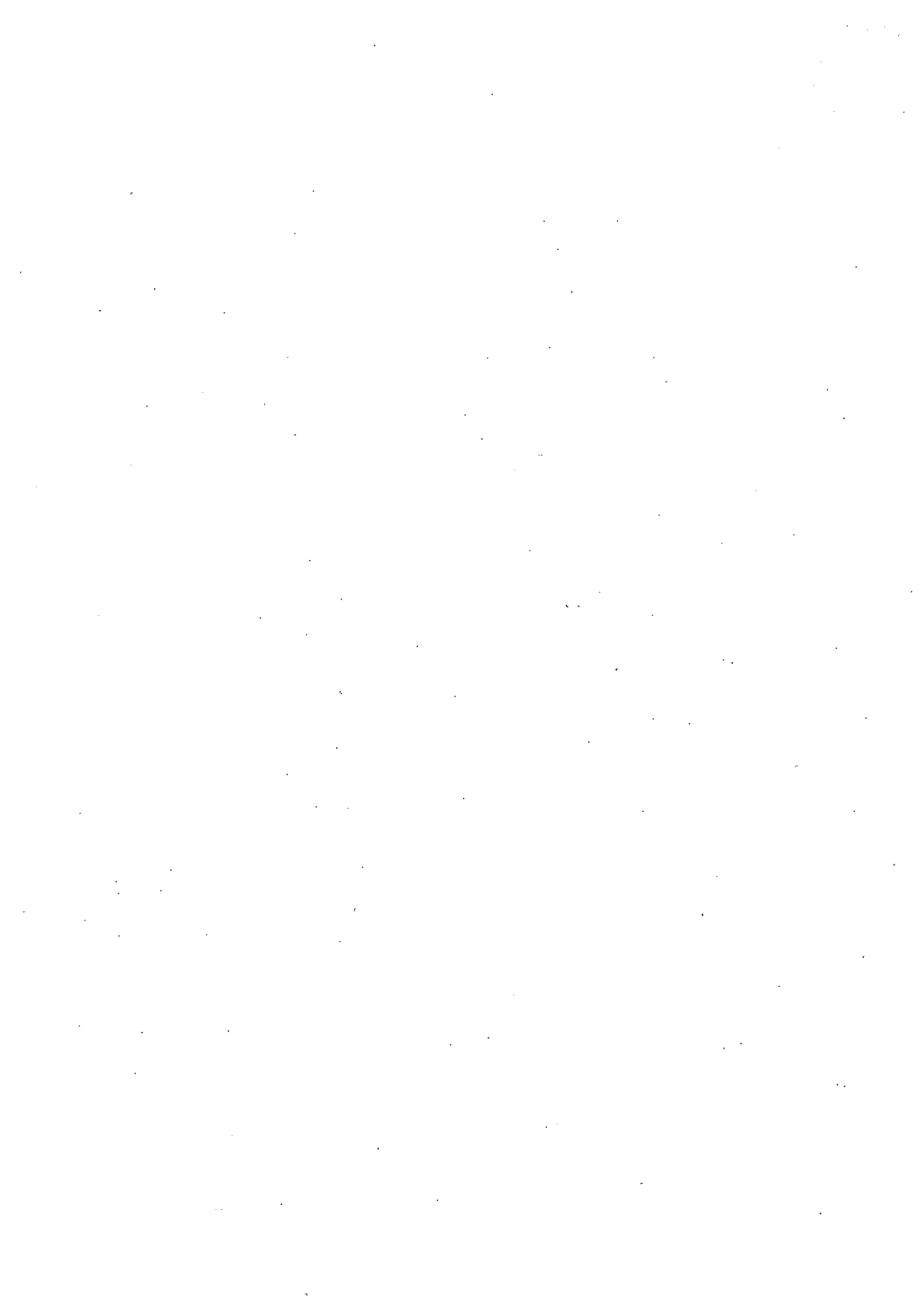
Certificate

In our report dated 24 September 2013, we explained that we could not formally conclude the audit on that date until we had completed the work necessary to issue our assurance statement in respect of the authority's Whole of Government Accounts consolidation pack. We have now completed this work. No matters have come to our attention since that date that would have a material impact on the financial statements on which we gave an unqualified opinion and value for money conclusion.

We certify that we have completed the audit of the accounts of North York Moors National Park Authority in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.



Christopher Powell FCA (Engagement Lead)
For and on behalf of Deloitte LLP
Appointed auditor
Leeds, United Kingdom
3 October 2013





Members of the North York Moors National Park Authority
The Old Vicarage
Bondgate
Helmsley
York
YO62 5BP

23 October 2013

Dear Sirs

We have pleasure in setting out this Annual Audit Letter to summarise the key matters arising from the work that we have carried out in respect of the year ended 31 March 2013.

Although this letter is addressed to the members of North York Moors National Park Authority ("the Authority"), it is also intended to communicate the significant issues we have identified, in an accessible style, to key external stakeholders, including members of the public. The letter will be published on the Audit Commission website at www.audit-commission.gov.uk and also on the Authority's website.

This letter has been prepared in the context of the Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission. This is available at www.audit-commission.gov.uk.

This letter has been discussed and agreed with the Director of Corporate Services. A copy of the letter will be provided to all Members.

We would like to take this opportunity to express our appreciation for the assistance and co-operation provided during the course of the audit. Our aim is to deliver a high standard of audit which makes a positive and practical contribution which supports the Authority's own agenda. We recognise the value of your co-operation and support.

A handwritten signature in black ink, appearing to read "C. D. Powell". The signature is fluid and cursive, with a long horizontal stroke at the end.

Christopher Powell FCA (Engagement Lead)
For and on behalf of Deloitte LLP
Appointed auditor
Leeds, United Kingdom



North York Moors
National Park Authority

Annual Audit Letter
on the 2012/13 Audit

October 2013

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1. Key messages

Statement of Accounts

Unqualified opinion issued on 24 September 2013

In 2012/13 the Authority was required to prepare its Statement of Accounts in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2012/13 which resulted in a number of minor changes to accounting policies and disclosures.

The Statement of Accounts was prepared, audited and closed in accordance with the agreed timetable. The Authority achieved a good standard of financial reporting.

We issued an unqualified audit opinion on the Statement of Accounts on 24 September 2013.

Value for money conclusion

Unqualified opinion issued on 24 September 2013

We issued an unqualified Value for Money conclusion on 24 September 2013.

Annual Governance Statement

All relevant governance matters were adequately and appropriately disclosed

We considered the contents of the Annual Governance Statement and confirmed that it adequately and appropriately disclosed all relevant governance matters arising in the year.

Whole of Government accounts and audit certificate

Confirmed no return required on 3 October 2013

The Whole of Government Accounts return was presented for audit by the deadline set by HM Treasury. We confirmed to the National Audit Office by 3 October 2013 that a return was not required for the Authority.

The certificate of completion of the audit was issued on 3 October 2013.

Financial reporting systems

No significant weaknesses noted

We did not identify any significant weaknesses in the financial reporting systems and no control observations were noted in our report. This was reported to the National Park Authority on 24 September 2013 as part of our report on significant matters arising from our audit.

We have reviewed the audit recommendations noted during the 2011/12 audit and can confirm that they have all been satisfactorily resolved.

2. Responsibilities and scope

Responsibilities of the Authority and Auditor

The Authority is responsible for maintaining the control environment and accounting records and preparing the accounting statements in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2012/13 based on IFRS and other relevant legislation.

We are appointed as the Authority's independent external auditor by the Audit Commission, the body responsible for appointing auditors to local public bodies in England, including National Park Authorities.

As the Authority's appointed external auditor, we are responsible for planning and carrying out an audit that meets the requirements of the Audit Commission's Code of Audit Practice ("the Code"). Under the Code, we have responsibilities in two main areas:

- the Authority's accounts; and
- whether the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources (the Value for Money conclusion).

The scope of our work

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) as adopted by the UK Auditing Practices Board ("APB"). The audit opinion on the accounts reflects the financial reporting framework adopted by the Authority, being the Code of Practice on Local Authority Accounting in the United Kingdom 2012/13 based on IFRS and other relevant legislation. We conducted our work on the VFM conclusion in line with guidance received from the Audit Commission in respect of other local government bodies for the financial year ended 31 March 2013.

3. The audit of the accounts

Key issues arising from the audit of the accounts

Statement of Accounts

Unqualified opinion issued on 24 September 2013

Before we give our opinion on the accounts, we are required to report to those charged with governance any significant matters arising from the audit. A detailed report was discussed with the members of the National Park Authority Committee on 23 September 2013 and there were no significant issues to report. We issued an unqualified opinion on the Authority's 2012/13 accounts on 24 September 2013, in accordance with the deadline set for local government bodies. Our opinion confirms that the accounts present a true and fair view of the financial position of the Authority and its income and expenditure for the year.

Key issues from work performed on the Statement of Accounts

There were no misstatements noted that would impact net assets or the surplus on the provision of services

We received a set of draft accounts in advance of the agreed deadline, which were supported by working papers. The finance staff were helpful throughout the process and responded swiftly to all queries. This performance reflects well on the professionalism of the finance staff and their commitment to maintaining high-level controls over financial systems. There were no un-corrected misstatements noted that would impact net assets or the surplus on the provision of services.

Annual Governance Statement

The Statement includes all appropriate disclosures and is consistent with our understanding of the Authority's governance arrangements

As appointed auditor, we review the Annual Governance Statement ("AGS") and comment on any inconsistencies noted between the AGS and our audit work, other work relating to the Code of Audit Practice, and our understanding of the Authority's Governance arrangements. We have concluded that the AGS includes all appropriate disclosures and is consistent with our understanding of the Authority's governance arrangements and internal controls derived from our audit work.

Whole of Government Accounts return

Confirmed no return required on 3 October 2013

For 2012/13 the National Audit Office set a de minimis of £300 million income, expenditure, asset or liabilities as the threshold for issuing an opinion on the Whole of Government Accounts return. We confirmed to the National Audit Office by 3 October 2013 that on this basis a return was not required for the Authority.

Audit Certificate

Issued on 3 October 2013

When our audit is complete we are required to certify the closure of the audit. The certificate was issued on 3 October 2013.

Local challenge work

No local challenge work was undertaken in the year

We undertook no local challenge work in the 2012/13 financial year.

4. Value for money

Background and approach

From 2010/11 the Audit Commission introduced new requirements for local value for money ("VFM") audit work at local authorities. This year, there have been no changes in the scope of our work and auditors are again required to give their statutory VFM conclusion based on the following two criteria:

- proper arrangements for securing financial resilience: work to focus on whether the Authority has robust systems and processes to manage risks and opportunities effectively, and to secure a stable financial position that enables it to continue to operate for the foreseeable future; and
- proper arrangements for challenging how economy, efficiency and effectiveness are secured: work to focus on whether the Authority is prioritising its resources within tighter budgets, for example by achieving cost reductions and by improving efficiency and productivity.

We have determined our local programme of work based on our risk assessment, which is informed by a series of risk factors determined by the Audit Commission.

The VFM conclusion

Having performed our work in line with guidance received from the Audit Commission we issued an unqualified VFM conclusion for the 2012/13 financial year. This means that we are satisfied that, in the areas reviewed, the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources during the year.

Financial resilience

We have considered the financial standing of the Authority as at 31 March 2013. We have assessed this based on current/on-going expenditure demands, expected income levels and the current cash position of the Authority.

Following the Government's comprehensive spending review and the extent of reduction in the funding settlement, and major changes in Government policy such as Welfare reform, the Authority continues to face severe financial pressures over the next few years.

Significant savings are required by 2014/15 due to a reduction in the amount of the Defra grant allocated to National Park Authorities. The Authority prepares an annual budget, and at a more strategic level, a management plan. The Authority has identified cost savings by evaluating its priorities and refreshing its short and long-term aims.

As at 31 March 2013 the Authority held approximately £1.6m in useable reserves.

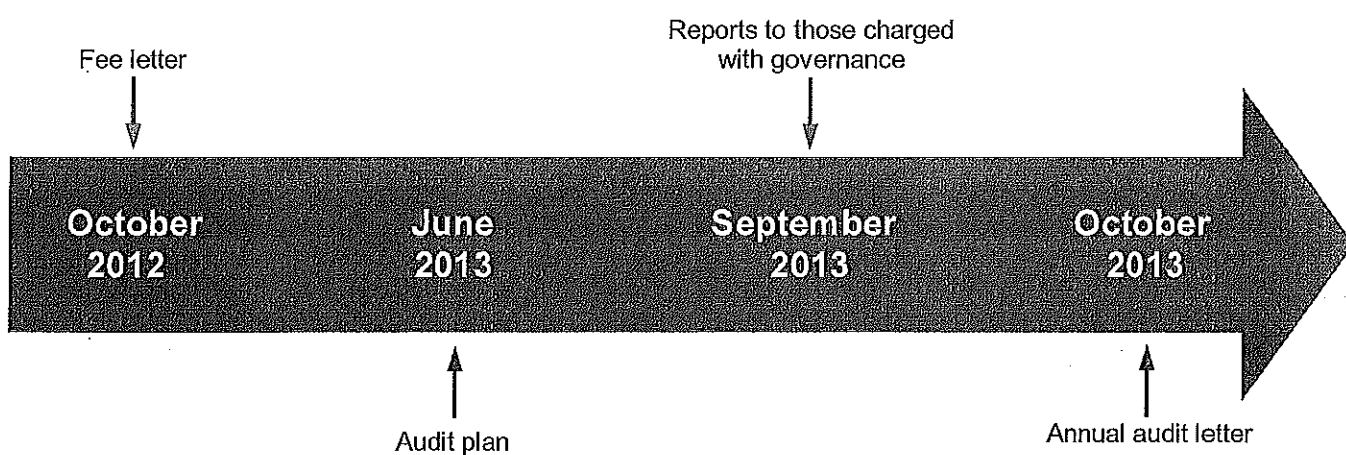
Upon review of the budget and management plan, we consider the response of the Authority to the financial pressures to be appropriate.

5. Other matters

Reports issued

Reports issued during the course of the 2012/13 audit included:

- Fee letter;
- Audit plans;
- Reports to those charged with governance on the 2012/13 audit; and
- Annual audit letter.



Analysis of audit fees

Audit fees charged are as follows:

	2013 £'000	2012 £'000
Total fees for the audit of the annual accounts, whole of government accounts return and VFM conclusion (excluding VAT)	12	20
Fees payable for local challenge work	-	-
Fees payable for grant certification	-	-
Total	12	20

We have not performed any non-audit services in either the current or prior year. In addition there have been no additional VFM projects undertaken in the current or prior year.

Grants

We have undertaken no work during the year on grant claims made by the Authority.

Independence and objectivity

In our professional judgement, our policies and safeguards that are in place ensure that we are independent within the meaning of all regulatory and professional requirements and that the objectivity of the audit partner and audit staff is not impaired.

The Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission explains the respective responsibilities of auditors and of the audited body and this report is prepared on the basis of, and our audit work is carried out in accordance with, that statement.

The matters raised in this report are only those that came to our attention during our audit and are not necessarily a comprehensive statement of all weaknesses that exist or of all improvements that might be made. You should assess recommendations for improvements for their full implications before they are implemented. In particular, we would emphasise that we are not responsible for the adequacy and appropriateness of the national data and methodology supporting our value for money conclusion as they are derived solely from the Audit Commission.

This report has been prepared for the Members, as a body, and we therefore accept responsibility to you alone for its contents. We accept no duty, responsibility or liability to any other party since this report has not been prepared, and is not intended, for any other purpose.

An audit does not provide assurance on the maintenance and integrity of the website, including controls used to achieve this, and in particular on whether any changes may have occurred to the Annual Audit Letter since first published. These matters are the responsibility of the Authority but no control procedures can provide absolute assurance in this area

Deloitte.

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